

AMENDED IN ASSEMBLY MAY 21, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 505

Introduced by Assembly Member Melendez

February 23, 2015

An act to add *and repeal* Section 17132.9 ~~to~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL’S DIGEST

AB 505, as amended, Melendez. Personal Income Tax Law: exclusion: veterans: concurrent retirement and disability pay.

The Personal Income Tax Law provides various exclusions from gross income in determining tax liability, including an exclusion for combat-related special compensation and death benefit payments received by a surviving spouse or other beneficiary designated by a military veteran, as prescribed, who dies or is killed in the performance of duty, as provided.

This bill would, for taxable years beginning on or after January 1, 2016, *and before January 1, 2021*, exclude from gross income, as provided, concurrent retirement and disability pay payments received by ~~an eligible individual~~, *a qualified retiree*, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17132.9 is added to the Revenue and
- 2 Taxation Code, to read:

1 17132.9. (a) For each taxable year beginning on or after
2 January 1, 2016, *and before January 1, 2021*, gross income shall
3 not include concurrent retirement and disability pay payments
4 received by ~~an eligible individual~~ *a qualified retiree* during the
5 taxable year.

6 (b) For purposes of this section:

7 (1) “Concurrent retirement and disability pay” means payments
8 received, as provided in Section 1414 of Title 10 of the United
9 States ~~Code Code~~, by ~~an eligible individual~~ *a qualified retiree*.

10 (2) ~~“Eligible individual”~~ *“Qualified retiree”* means an active,
11 reserve, or retired member of the United States military who served
12 in active duty.

13 (3) Nothing in this section shall be construed to create any
14 inference with respect to the proper tax treatment of any concurrent
15 retirement and disability pay payments received before January 1,
16 2016.

17 (c) *This section shall remain in effect until December 1, 2021,*
18 *and as of that date is repealed.*

19 SEC. 2. This act provides for a tax levy within the meaning of
20 Article IV of the Constitution and shall go into immediate effect.